

From: [Mark Chierici](#)
To: [Kevin Sheehan](#)
Cc: [jgottlieb@resintech.com](#); [CFA Adam M. Zell \(AZell@resintech.com\)](#)
Subject: RE: ResinTech, Inc. - Answers Requested
Date: Friday, August 19, 2016 5:06:00 PM

Kevin,

Thanks for your responses. I took some time today to review everything you sent last night and have a few questions as follow up. The reduction in total project costs from the original \$203 million, now down to \$150 million is moving in the right direction, but we are not quite where we need to be to take this project to Committee. Please take a look at the below follow up comments and questions and provide your responses by Monday, as I have an Agenda Review meeting on Tuesday to discuss all of our projects.

1. What are you calling “EBITDA” versus “Organic EBITDA”, as I see that the amount changes on those two lines beginning the year you expect to start receiving tax credits?
2. Your CBA from June has Capitalized interest at \$12,000,000, & it is slightly higher now. If the upfront capital costs are lower by \$25 million, and you also have some equity contribution potential, how can the number still be at \$12,000,000 plus, in NJ?
3. With a 20 year amortization of the loan which peaks at \$128 million in 2020, it would take until 2040 to pay it all back. Is that your assumption? I see you only went out 10 years in the latest model, or the term of the Grow Award.
4. What is the difference between the peak total debt of \$128,300,203 and the \$126,200,000 in your latest email response, #5 below?
5. What is the difference in assumed interest rates in VA and NJ, of approximately 6.6% versus 5.5%?

Thanks in advance for your responses to the above follow up items.

Mark C.

From: Kevin Sheehan [mailto:ksheehan@parkermccay.com]
Sent: Thursday, August 18, 2016 5:17 PM
To: Mark Chierici
Cc: [jgottlieb@resintech.com](#); [CFA Adam M. Zell \(AZell@resintech.com\)](#)
Subject: ResinTech, Inc. - Answers Requested

Mark. I have put all of the open questons from the last week into one email below and provide the answers in red and bold. As we discussed we showed the project in Virginia that would be constructed if the credits are not awarded in Camden. This is a smaller site that would bring the jobs associated with [REDACTED] to the location of the new plant. Those jobs are currently located in NJ. We have also attached a spreadsheet that shows that the income can support the debt service for a VA project.

Since the application does not require “firm” financing we have not been able to obtain that level of commitment at this time. We have provided the lenders with the full financial information that we provided to you and are going through the underwriting process. The project costs have been reduced to \$150M and the information that ahs been provided reflect that figure.

We have also attached a letter from US Bank expressing interest in making a NMTC Equity investment in the project.

Kevin D. Sheehan, Esquire

Shareholder

Real Estate and Land Use

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ksheehan@parkermccay.com

From: Mark Chierici

Sent: Friday, August 05, 2016 11:08 AM

To: 'Kevin Sheehan'

Subject: RE: ResinTech, Inc. - Answer Requested

Good Morning Kevin,

Thanks for your time yesterday to discuss the Resin Tech, Inc. Grow award Project. Based on our conversation, here are a few items that we will need as we prepare to move towards the September Board agenda.

1. Please provide a revised CBA, that shows what the project would *actually* look like at the alternate location of Roanoke, VA, including scope, square footage and project costs, etc... Rather than an "apples to apples" comparison in square footage, etc... it would be helpful to see how the NJ plan differs from the VA plan.

- I know you mentioned this, but in words, what are the primary differences if the project is done in NJ versus what the revised CBA *will* show for VA?

See the attached CBA that shows the Camden project vs. a smaller VA project that would be built if the credits are now awarded. As you know the Camden plan is to construct [REDACTED] and to bring all of the companies together at one location. Currently the companies are located in NJ, PA, MD and CA. The Cation plant would complement the products manufactured in NJ and significantly expand the revenues of Resintech. If the credits are not awarded in NJ, [REDACTED] would be built in VA and the company would move all of the related functions currently located in NJ to the location of [REDACTED]. The MD, CA and PA functions would remain in place. The revised CBA is attached as well as a spreadsheet that shows the VA costs and ability to service the debt.

2. Property Tax abatement aside (which I would expect would occur for a number of years after settlement) can you provide me with an estimate of what the ongoing (post abatement) real estate taxes would be in Camden for these properties?

The abatement would be in effect for 20 years. The current RE tax estimate (without an abatement) is 2.75% of construction costs or \$2.76MM per year. Assuming a 2% growth in the tax

rate each year, the property tax in year 21 would be \$4,101,215. As you know this assumes consistent real estate values and consistent growth in the tax rate, all of which is difficult to predict in 20 years.

3. Please confirm the company is aware of the requirement to pay EDA the Approval Fee prior to the Board meeting, which would amount to \$500,000, based on current award estimates.

Confirmed.

4. In addition, *assuming* the Grow award was granted, and 3 or 4 years from now, for whatever reason, the tax credits could not be marketed, how would the company propose to pay its outstanding debt service, of both principal and interest?

This question was answered and generated the questions below.

5. Looking at the latest projections for Resin Tech and Action Pak, etc... I see Construction Debt peaking at \$94,562,608 in 2020, as well as another \$88,669,467 in Permanent Financing. The Action Pak numbers show another \$31.7 million of "straight debt". The last CBA we have has a total of \$163 million in upfront construction costs for the Camden option (not including capitalized interest). Please explain how these 3 debt amounts tie back to the upfront costs in Camden.

Construction debt (including capitalized interest) does peak at \$94.5M in 2020 on the ResinTech model as stated. However, I think there might be some confusion because the next line is permanent financing. That is we are *replacing* the construction debt with lower-interest permanent financing. There is a \$6M difference between the construction debt and the \$88.6M in *replacement* permanent financing because \$6M is our first year's principal (reduction) payment, which reduces the total outstanding debt.

- a. Similarly, in the ActionPak model, construction debt peaks at 31.7M in 2020 and is *replaced* by permanent financing with the \$2M difference coming from our first principal reduction payment in 2020.
- b. Therefore the total debt peaks at \$126.2M. The last CBA, with \$163M in upfront costs excluding capitalized interest, was based on a total project value of \$175M. After the NJEDA expressed its concerns over the total cost of our project, we have reduced the cost of the project to an estimated \$150M while maintaining expected employment levels. We expect to achieve this cost savings by reusing portions of the existing cocoa warehouse and proportionately reducing any interest and developer fees. The difference between the \$126.2 and \$150M in new total capex will be supplied by equity and mezzanine, including some soft costs that will be paid out of operating cash flow such as NJEDA application fees.

6. Have you been able to develop a new CBA, based on what kind of actual project you would expect to be building in VA, as opposed to just an exact duplicate of square footage, etc... in Camden?

See answer to #1.

the cation plant hits even 25% of production capacity, which again shows that our combined family of companies is conservatively able to cover the overwhelming majority of the financing and is only marginally dependent on monetizing credits.

Thanks and have a nice weekend.

Mark C.

From: Kevin Sheehan [mailto:ksheehan@parkermccay.com]
Sent: Tuesday, August 02, 2016 5:32 PM
To: Mark Chierici
Subject: Re: ResinTech, Inc. - Answer Requested

Understood. They will not have 2 firm lending commitments with loan details
Tomorrow morning. Go to Sept.

Kevin D. Sheehan, Esquire
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On Aug 2, 2016, at 5:29 PM, Mark Chierici
<MChierici@njeda.com<mailto:MChierici@njeda.com>> wrote:

Kevin,

I need to hand in my Project Summaries for final review by mid morning Wednesday, before they are submitted for the Board Agenda Package at 1:00 PM. Do you think we will have the information requested below by that time, or should I say this will not be on the August Board Agenda? Please advise.

Thanks,
Mark

From: Mark Chierici
Sent: Tuesday, August 02, 2016 12:23 PM
To: 'Kevin Sheehan'
Subject: RE: ResinTech, Inc.
Importance: High